

Aircraft Use Tax liability is incurred on aircraft acquired by gift, transfer, or non-retail purchase after June 30, 2003. See 86 Ill. Adm. Code 152.101. (This is a GIL.)

April 19, 2006

Dear Xxxxx:

This letter is in response to your letter dated February 28, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

In June of 2005 I purchased an airplane from out of state. My intent was to lease the aircraft to the local flight school to help offset the cost of ownership. To accomplish this I needed to set up a corporation. In addition, there were some maintenance issues that needed to be addressed. To comply with state law the airplane had to be registered within 30 days of its arrival in Illinois and the state sales tax was paid at that time.

When I inquired about registering the airplane to the corporation, I was told that a sales tax would have to be paid again. The only thing that will change is the name on the registration, not the actual ownership. I am the sole proprietor of the corporation, there are not partners or other shareholders.

I am asking for a private letter ruling to allow me to re-register the airplane in the corporation name and waive any additional sales tax.

#### **DEPARTMENT'S RESPONSE:**

For general information purposes, the transfer of an aircraft from an individual owner to a newly formed corporation is a taxable event. This result is because the aircraft is being transferred from one legal entity to another (from a person to a corporation). Aircraft Use Tax liability is incurred on aircraft acquired by gift, transfer, or non-retail purchase after June 30, 2003. See 86 Ill. Adm.

Code 152.101. The fact that the beneficial ownership of the aircraft will not change after the transfer does not change the outcome under the Aircraft Use Tax Law.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk